THE *Market Administrator's* BULLETIN

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Cold Storage Holdings Rise Faster Than A Year Ago

The Dairy Situation, Economic Research Service USDA July 1965

Total stocks of all dairy products (milk equivalent) were estimated at 7.2 billion pounds at the end of May about a billion pounds less than a year earlier. This year's stocks have been built up since the low of 4.7 billion in February. The low point in spring 1964 was 7.4 billion in March, and 1964 stocks rose only 0.7 billion pounds by June 1.

The 95-million-pound gain in butter stocks since February accounts for most of the faster growth in this year's stocks. However, cheese holdings also have grown more rapidly than a year earlier.

Cold storage holdings of butter reached 166 million pounds in May, a gain of 34 million for the month, but down 37 million from a year earlier. Commercial butter stocks remained about the same as in April and a year earlier at 49 million pounds.

Cheese stocks, which lagged 12 million pounds behind a year earlier in April, were down about as much at the end of May. However, American cheese holdings rose to 298 million pounds; commercial stocks of 297 million were only 1 million pounds below a year earlier.

Government cold storage holdings at the end of May included 117 million pounds of butter, 40 million less than a year earlier. A part of the 88 million gain since the end of 1964 was due to the December-May interruption in commitments for welfare distribution because of low stock levels in last quarter 1964 and first quarter 1965.

Government cold storage holdings of natural Cheddar cheese in May were only 1 million pounds, the lowest point for May since 1952. This compares with 12 million a year earlier and 28 million average for May 1959-63.

Manufacturers' stocks of nonfat dry milk rose to 123 million pounds in April from 115 million in March and were about 17 percent above a year earlier. ASCS reported 136 million pounds in store in April and 170 million in May.

Increases in government holdings of both butter and nonfat dry milk were caused by the seasonal rise in production and relatively low rate of utilization. Foreign demand for U. S. dairy products was low during January-May, because European output of dairy products was well above that of a year ago. PIK sales and USDA stocks are likely to move rapidly later this year, as increasing amounts are committed to various programs and as foreign buyers determine their requirements beyond domestic supplies.

CAESIN TRADE INCREASING IN 1965

The Dairy Situation, Economic Research Service USDA July 1965

Imports of caesin, which have been trending upward in recent years, continued at a near-record pace in the first 4 months of 1965, totalling 33.4 million pounds, only slightly below the 34.8 million pounds in that period of 1964. A sharp decline in imports due to the dock strike occurred in January and February, but this was almost entirely made up in March and April. Supplies for prompt shipment remain limited, although prices have increased sharply over the past few months from year-earlier levels. A smaller, but still substantial, rise occurred in average value of imports, much of which was purchased under forward contracts. Caesin accounts for about one-third of the value of all U. S. dairy imports. U. S. imports account for about one-third of world caesin trade.

In the second half of 1965 world caesin production is likely to expand faster than demand, as world milk production gains, so spot caesin prices probably will fall from current high levels.

Argentine drought conditions have lowered that country's caesin export prospects for 1965. However, New Zealand, France, Australia and Can-

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MARKET FACTS FOR EASY REFERENCE

	July 1965	June 1965	July 1964
PRICE SUMMARY			
Producers Uniform Price (3.5%)	$3.97	$3.77	$3.74*
Class I (3.5%)	4.78	4.74	4.69
Class II (3.5%)	3.1534	3.1497	3.1113
Class III (3.5%)	2.7312	2.7125	2.7125
Producer Butterfat Differential for each one-tenth percent	7.2¢	7.2¢	7.4¢
*Producer location differential— Distance of Receiving plant from City Hall, Cincinnati, Ohio.			
30 but less than 40 miles .06¢ less			
40 but less than 50 miles .08¢ less			
50 but less than 60 miles .10¢ less			
Each additional 10 miles or fraction thereof, an additional .015			
UTILIZATION SUMMARY			
Percent of Producer Milk in Class I	65.25	61.57	57.67
Percent of Producer Milk in Class II	19.73	17.15	20.32
Percent of Producer Milk in Class III	15.02	21.28	22.01
PRODUCER MILK RECEIPTS			
Total Bulk Tank Milk Deliveries	52,530,878	54,695,855	48,118,908
Total Can Milk Deliveries	7,493,639	8,026,493	10,485,173
Total Pounds of Producers Milk Delivered	60,024,517	62,722,348	58,604,081
Percentage of Tank Milk to Total Deliveries	87.52	87.20	82.11
Number of Tank Producers	2,584	2,586	2,324
Number of Can Producers	666	679	882
Total Number of Producers	32.50	3,265	3,206
Percentage of Tank Producers to Total Producers	79.51	79.20	72.49
Average Daily Receipts per Tank Producer	656	705	668
Average Daily Receipts per Can Producer	363	394	383
Average Daily Receipts per All Producers	596	640	590
Average Butterfat Test of All Producers	3.54	3.54	3.54
Average Daily Class I Use (Gross)	1,278,386	1,295,849	1,171,184
VALUE SUMMARY			
Total Value at Average Test	$2,391,274	$2,372,539	$2,199,776
Income per Producer (7 day average)	$166	$169	$154
AVERAGE DAILY SALES (Quarts)			
Milk	503,166	505,919	448,277
Buttermilk	16,817	16,463	14,973
Chocolate	13,999	17,475	13,196
Skim	49,155	47,733	43,680
Cream	9,963	10,317	9,094

COMPARATIVE STATISTICS ✱ CINCINNATI MARKETING AREA ✱ JULY, 1956 - '65

Year	Receipts From Producers	Average Butter-fat Test	Percentage of Producer Milk in Each Class			Uniform Producer Price (3.5%)	Class Prices at 3.5%			Number of Producers	Daily Average Production
			Class I	Class II	Class III		Class I	Class II	Class III		
1956	38,511,887	3.70	54.4	24.1	21.5	3.87	4.8764	3.2423	2.8538	4,059	306
1957	40,383,677	3.67	55.8	22.9	21.3	3.70	4.5635	3.2525	2.8220	3,950	330
1958	38,907,692	3.69	58.3	24.2	17.5	3.62	4.4195	3.0329	2.7958	3,748	335
1959	43,585,873	3.64	64.7	24.7	10.6	3.80	4.5489	3.0402	2.7800	4,037	348
1960	47,481,983	3.66	57.3	22.7	20.8	3.64	4.5100	3.0288	2.8250	3.879	395
1961	55,954,754	3.63	56.3	21.9	24.3	3.88	4.8332	3.3270	2.8375	4,009	450
1962	52,515,173	3.57	59.8	19.4	17.5	3.76	4.65	3.1039	2.6875	3.557	476
1963	55,494,439	3.55	58.9	19.8	21.3	3.79	4.72	3.1033	2.7000	3,365	532
1964	58,604,081	3.54	57.7	20.3	22.0	3.74	4.69	3.1113	2.7125	3,206	590
1965	60,024,517	3.54	65.3	19.7	15.0	3.97	4.78	3.1534	2.7312	3,250	596

Use of Milk For Manufacturing About The Same As In 1964

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The volume of milk used for manufacturing products in the first 4 months of 1965 was slightly above a year earlier, since farm marketings rose about 0.7 percent. But the estimated increase of about 1 percent in use of milk in fluid products for these months caused percentage utilization of farm milk for manufacturing to decilne slightly from the year earlier's 52.8 percent.

Butter production was above a year earlier in January and February, but fell sharply below a year earlier in April and May. For January-May, output was 2.0 percent lower than the same period of 1964. Another major product with lower production was evaporated milk, down 12 percent for January-April, as production adjusted for relatively high stocks and declining demand.

Output of American cheese was above a year earlier in every month this year. However, the gain in May was less than 1 percent. For January-May, production of both American and other cheese totalled 2.8 percent above a year earlier.

For both condensed case goods and dry whole milk, output gains for January-April were around 10 percent, while ice cream production was up 2 percent and ice milk up 7 percent.

Nonfat dry milk output fell below year-earlier levels in March and April, after earlier gains. Output is expected to continue lower in May and June. For January-April, total production was 782.7 billion pounds, compared with 782.3 million for the same months in 1964.

January-April sales of whole milk on an average daily basis were about 1 percent above a year earlier in 82 Federal and State marketing areas. First quarter sales of skim milk and low fat items (daily basis) in comparable marketing areas increased 9 percent over a year earlier; sales of milk and cream mixtures declined 2 percent and cream sales fell 2 percent. Though total consumption of fluid milk is expected to be up for the year, national per capita consumption is expected to be down about 1 percent from the 305 pounds of 1964.

Preliminary estimates for January-May indicate that disappearance of all dairy products (milk equivalent) in commercial outlets was slightly above that of a year earlier.

Government Programs and Price Support Operations

The Dairy Situation, Economic Research Service USDA July 1965

Contractors and exporters delivered to CCC or exported under the PIK program 2.5 percent more butter and 0.5 percent more cheese in January-May this year than a year ago. Nonfat dry milk deliveries and PIK exports combined for the first 5 months were about 12 percent larger, but April-May volume was only 2 percent above a year ago. Butter and cheese deliveries and PIK exports, combined, in April and May were well below a year ago, primarily due to lower production and increasing commercial stocks. The January-May pattern of milk production and utilization and Government removals suggest CCC removals for all of 1965 may be only slightly above the 7.7 billion pounds of milk equivalent and 1,169 million pounds of nonfat dry milk removed in 1964.

Low exports in January and February were due chiefly to the relatively small movement under the PIK program and the dock strike. Since then, export sales commitments and PIK registrations have continued sharply below year-earlier levels, as a result of changes in foreign stocks, demand, and price levels. PIK export registrations of 3 million pounds of butter and 43 million pounds of nonfat dry milk for January-May 1965 were only about 10 percent of year-earlier levels. CCC butter and nonfat dry milk export sales also were lower. However, June registrations of nonfat dry milk jumped sharply and were about 141 million pounds through June 25. June butter registrations continued to be small through June 25.

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CAESIN TRADE . . .

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ada have markedly increased exports. For New Zealand, the largest producing country, total exports for the period July 1964-February 1965 were up 34 percent over a year earlier. These 5 countries supplied 93 percent of U. S. imports last calendar year.

During the past production year in Australia and New Zealand (ended May 31), caesin production increased slightly, but nonfat dry milk output increased more rapidly because of relatively favorable world prices for nonfat dry milk. However, high prices are stimulating additional skim milk supplies, and some caesin users are shifting to substitutes. As a result caesin supplies are growing relative to demand. Caesin prices (delivered in United States), reported in mid-June for July shipment from major exporting countries had fallen 0.5 - 1.5 cents per pound below April and May quotations.

There is no direct support of caesin production in any major producing country except France. However, the subsidy paid to French producers was recently dropped from 18.4 cents per pound to 7.4 cents. By contrast, support given nonfat dry milk and cheese is curtailing caesin production in Poland, as it did in the United States during the 1950's.

Market Quotations

JULY 1965

MINNESOTA - WISCONSIN PRICE SERIES	$3.210
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Columbus)	3.070
Average Price per lb. 92-score butter at Chicago	.5900
Average carlot prices non-fat dry milk solids roller and spray process, f.o.b. manufacturing plant	.1424

Number and Sales of Dairy Processing Plants

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The number of dairy processing plants decreased 20 percent between 1958 and 1963, according to the Census of Manufactures. During the same period, total dollar sales by these plants increased about 10 percent. Part of the sales increase was due to price increases; BLS wholesale prices of dairy products rose 8 percent and retail dairy prices were up 4 percent.

Nearly 60 percent of all dairy processing establishments in 1963 were fluid milk plants. The number of butter and ice cream plants decreased faster than fluid milk plants, while cheese and concentrated milk plants decreased at a slower rate. Creamery butter was the only industry in the dairy group to show a decrease in sales (value of shipments) during 1958-63, although both wholesale butter prices and the BLS retail ice cream price index are slightly lower in 1963 than in 1958. The growth in cheese sales is consistant with increased per capita cheese disappearance and higher prices. Wholesale prices at assembly points rose 9 percent during the 5-year period and 10 percent at retail.

In 1963, sales averaged $3.3 million for condensed and evaporated milk plants. This was higher than averages of other types of dairy plants. However, sales per establishment in other dairy industries increased at a sharper rate during the period. The general sharp rise in sales per plant was, in part, due to the decline in the number of small plants. Output in 1963 involved 13 percent fewer employees, but total wages remained the same, due to rising wage rates.

Details by size of plants and firms will become available at a later date (see DS-305, May 1965, for discussion of recent USDA data).